

MOZAMBIQUE

SOCIAL PROTECTION BUDGET BRIEF - 2021



@UNICEF / UN0381252

SUMMARY VERSION

Key Findings

- The 2021 social action budget worth MZN 10.1 billion. This represents 2 percent nominal decrease relative to the revised allocation of the year 2020.
- The Government of Mozambique needs to further increase fiscal space dedicated to basic (non-contributory) social protection programs to meet its strategic objectives.
- PSSB remains the social protection program with the largest budget – 38%, followed by PASP and PASD respectively.

- INAS social protection programs are targeting 1,772,708 beneficiary households. This number significantly increased relative to previous years in response to the need of assisting existing and new poor and vulnerable households severely affected by the COVID-19 pandemic.
- There a significant improvement in terms of equity in allocation, when compared to previous years, although Zambézia is still underfunded relatively to other provinces.

What is the situation of social protection in Mozambique?

Mozambicans are facing a situation of multiple crises due to armed conflicts, recurrent natural disasters, and the COVID-19 pandemic. Over 700,000 people are displaced as a result of armed violence in northern provinces¹; UNHCR estimates that internally displaced people (IDPs) could reach 1 million by June 2021.²

Mozambican economy contracted for the first time in almost three decades. Real GDP contracted by 1.3% in 2020 due to disruption of supply chains due to restrictive measures, decreases in both external and internal demand, and delayed investments in the liquified natural gas industry.³

Expanding social protection budget and scaling up non-contributory social protection programs is key to providing effective response to the poor and newly poor. World Bank estimated that approximately 850,000 people will fall under the internationally defined poverty line of \$1.9 a day as a result of the pandemic in Mozambique⁴. Food insecurity and malnourishment are also on the rise, with severe consequences for children, especially 0-5 years old who are at heightened risk of stunting.

What are the trends in social action spending?

In the 2021 State Budget, the social action sector is worth MZN 10.1 billion. In nominal terms, it increased by 50% relative the 2020 social action budget, and a reduction of 2% relative to the revised allocation, a 4% nominal decrease relative to updated allocation, and a 26% increase relative to expenditure.

In real terms the allocation represents an 8% decrease relative to that in 2020 revised State Budget, a 10% decrease relative to 2020 updated allocation, and a 19% increase relative to 2020 actual expenditure.

Despite the expansion of the social action sector in response to increased vulnerabilities, sector spending as a share of GDP is off pace to reaching budgetary targets set in ENSSB. The social action budget in 2021 is worth 0.94% of the country's forecasted GDP. This figure is still far from what is desirable to reach 2024 target of 2.23% of GDP.

What is the source of social protection resources?

In 2021, 49% of social action funds come from internal resources and 51% are provided by external partners.

Donors⁵ are contributing MZN 5.2 billion to social action, of which MZN 2.4 billion (equal to 53% of external resources) are dedicated to the COVID-19 response, mostly through PASD-PE "COVID" programme.

The second largest external contribution to the sector is to the PASP program (MZN 2.05 billion). The Child Grant is entirely funded through donors with a contribution of MZN 165 million across 4 INAS delegations in Nampula province (Angoche, Nacala Porto, Ribaue and Nampula) and 2 INAS delegations in Zambezia Province (Zambezia and Mocuba). Other programs funded through foreign resources include Inclusive Public Works (MZN 115 million).

1. <https://news.un.org/en/story/2021/03/1087952> - Mozambique: Cabo Delgado displacement could reach 1 million, UN officials warn

2. Ibid.

3. World Bank. 2021. Mozambique Economic Update, February 2021: Setting the Stage for Recovery. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35214> License: CC BY 3.0 IGO."

4. Ibid.

5. The donor's support to the non-contributory Social Protection systems is organized through: (i) the Joint United Nations Program for Social Protection, financed by the FCDO, Swedish Embassy and the Queen of the Netherlands and implemented by ILO and UNICEF; (ii) MDTF financed by World Bank, FDCO and Sweden, and implemented by the World Bank.



What is the composition of social protection spending?

- **Recurrent expenditures continue to dominate the sector** (cash transfer to beneficiaries). In nominal terms, 2021 financial expenditures worth MZN 9.9 billion, while investment worth MZN 0.2 billion.
- Mostly of the investment funds are dedicated to rehabilitation of social units in Maputo Province (MZN 200 million), while the smaller investment includes rehabilitation of MGCAS Provincial Directorate of Manica “Infantários” in Gaza, worth MZN 2 million, respectively.
- **Approximately 98% of 2021 social action budget is allocated to INAS** (MZN 9.9 billion). Of INAS allocation, 72% is allocated to INAS delegations (i.e. DPINAS and DDINAS). The allocation to MGCAS is 2% of the sector’s budget.
- **In 2021, the allocation to social protection programs is the largest ever, worth MZN 9.4 billion.** This represents 93% of the social action sector budget, 2.6% of the total State Budget, and 0.9% of GDP.
- **PSSB remains the social action program with the largest budget,** worth MZN 3.6 billion or 38% of the INAS programs. The second largest program is PASP⁶, with MZN 2.2 billion or 24% of the programs budget. Allocation to PASD is MZN 1.8 billion or 19%. Finally, COVID-19 Emergency program is worth approximately MZN 1.6 billion, which represents 17% of total social protection programs budget.
- **INAS social protection programs are targeting 1,772,708 beneficiary households in 2021 PES.** The number of beneficiary households covered by Social Protection programs increased by 3000%, from 32.938 em 2020 to 1,162,579 em 2021, which includes 1.102.825 new beneficiary households identified in urban areas, peri-urban areas and bordering areas under the PASD-PE COVID program⁷. The beneficiaries of PAUS increased from 9,144 in 2020 to 12,460 in 2021. Lastly, PASP beneficiaries also increased from 121,557 in 2020 to 138,584 in 2021.
- In 2021, the child grant is targeting about 15,500 beneficiary children across four districts in Nampula province: 7,930 in Nacalala-Velha and Ilha de Moçambique, 3,070 in Mogincual and 4,500 in Lalaua. A total MT 114 million is allocated to the program through UNICEF support from Sweden, Netherlands and UK. Of which, 12% is for administrative costs as for the rest of PSSB program.

How is the performance of the social action sector?

- **The social action sector executed 76% of 2020 budget, the lowest ever execution rate recorded by the sector.** The low execution rate is attributed to the external resources. Only 58,5% of external resources were executed in 2020.
- **The allocation to social action as share of the GDP is very behind for reaching the PQG⁸ target.** In fact, 2.23% of GDP is the PQG target for 2024; however, the social action sector weight is 0.9% of the GDP.
- **The Social Protection budget was only partially effective in reducing poverty and vulnerability of targeted beneficiaries in 2020 due to lack of predictability and timing of transfers.** As for the PASD-PE program established in response to El Niño, IDAI e Kenneth emergencies, low execution of dedicated funds resulted in insufficient or delayed response to beneficiaries that were in need of immediate assistance. In fact, while the program initially planned to cover 124,479 beneficiary households, approximately 12,160 households did not received assistance when it was most needed.
- The PASD and PAUS allocations comprise of 90% net transfers to program beneficiaries and 10% of administrative costs. Of the PSSB 88% correspond to the total net transfer and 12% to administrative costs. The PASP program has the highest administrative costs, worth 30% of the program’s allocation.⁹ INAS should improve the efficiency by reducing administrative costs of subsidies: this should ensure that more beneficiaries are covered.
- **The PSSB allocations to the provinces is overall equitable, except for Zambezia which is significantly underfunded given its poverty level.** In fact, while Zambézia province accounts for 23 percent of the total number of poor households in Mozambique, it was allocated 12% of PSSB budget. Conversely, Nampula, which accounts for 24% of Mozambican poor population, was allocated 23% of PSSB program budget. Some provinces received the exact share of PSSB budget as their share of total poor population: Niassa (8% for both), Sofala (8% for both), and Maputo (3% for both). Other provinces were allocated a few percentage points more than their relative share of poor population: Gaza (10% of PSSB budget; 6% share of poor population); Tete (10% of PSSB budget; 7% of poor population).

6. Programa Acção Social Produtiva (PASP) – Public works program targeting poor families with atleast one member with capacity to work.

7. The new beneficiary households include 14,000 families that were in the waiting list for social protection programs; 31,000 of INSS and 1,057,825 families recently identified.

8. PQG – Programa Quinquenal do Governo (Government five-year plan).

9. INAS PES 2021.

An initiative by:



International Labour Organization

Financed by:



Government of the Netherlands



Suécia Sverige



UKaid from the British people

In a partnership with:



Forum da Sociedade Civil para os Direitos da Criança



FORUM DE MONITORIA DO ORÇAMENTO



PSC-PS